

# HOUSE BILL 960

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By: **Delegates A. Johnson, Charkoudian, Embry, Guyton, S. Johnson, McCaskill, McComas, and Woorman**

Introduced and read first time: January 31, 2025

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Investor-Owned Electric, Gas, and Gas and Electric Companies – Cost Recovery**  
3 **– Limitations and Reporting Requirements**  
4 **(Ratepayer Freedom Act)**

5 FOR the purpose of prohibiting certain public service companies from recovering through  
6 rates certain costs, including certain costs associated with lobbying and political  
7 activities; requiring certain public service companies to include in the annual report  
8 to the Public Service Commission certain costs related to certain activities; and  
9 generally relating to cost recovery and reports by public service companies.

10 BY adding to  
11 Article – Public Utilities  
12 Section 4–504 and 6–211  
13 Annotated Code of Maryland  
14 (2020 Replacement Volume and 2024 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
16 That the Laws of Maryland read as follows:

17 **Article – Public Utilities**

18 **4–504.**

19 **(A) IN THIS SECTION, “LOBBYING OR POLITICAL ACTIVITIES” MEANS ANY**  
20 **ACTION TAKEN AT THE STATE, COUNTY, OR MUNICIPAL LEVELS OF GOVERNMENT IN**  
21 **CONNECTION WITH:**

22 **(1) INFLUENCING:**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1           **(I)    LEGISLATION;**  
2           **(II)   ORDINANCES;**  
3           **(III)  REFERENDUMS;**  
4           **(IV)  THE APPOINTMENT OR REMOVAL OF A PUBLIC OFFICIAL; OR**  
5           **(V)   THE APPROVAL, MODIFICATION, OR REVOCATION OF**  
6 **FRANCHISES;**

7           **(2)   PARTICIPATING OR INTERVENING IN ANY POLITICAL CAMPAIGN**  
8 **ON BEHALF OF OR IN OPPOSITION TO ANY CANDIDATE FOR PUBLIC OFFICE; OR**

9           **(3)   ANY ATTEMPT TO INFLUENCE ANY SEGMENT OF THE GENERAL**  
10 **PUBLIC WITH RESPECT TO:**

- 11           **(I)    AN ELECTION;**  
12           **(II)   A LEGISLATIVE MATTER;**  
13           **(III)  AN EXECUTIVE AGENCY DECISION;**  
14           **(IV)  AN ORDINANCE;**  
15           **(V)   A REFERENDUM;**  
16           **(VI)  AN APPOINTMENT OR REMOVAL OF A PUBLIC OFFICIAL; OR**  
17           **(VII) THE APPROVAL, MODIFICATION, OR REVOCATION OF**  
18 **FRANCHISES.**

19           **(B)   THIS SECTION APPLIES ONLY TO A PUBLIC SERVICE COMPANY THAT IS**  
20 **AN INVESTOR-OWNED ELECTRIC COMPANY, GAS COMPANY, OR COMBINATION GAS**  
21 **AND ELECTRIC COMPANY.**

22           **(C)   A PUBLIC SERVICE COMPANY MAY NOT RECOVER THROUGH RATES ANY**  
23 **COSTS ASSOCIATED WITH:**

24           **(1)   MEMBERSHIP, DUES, SPONSORSHIPS, OR CONTRIBUTIONS TO A**  
25 **GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY, BUSINESS OR INDUSTRY**  
26 **TRADE ASSOCIATION, GROUP, OR RELATED ENTITY EXEMPT FROM TAXATION UNDER**

1 § 501 OF THE INTERNAL REVENUE CODE UNLESS THE COMMISSION DETERMINES  
2 THAT:

3 (I) THE TOTAL EXPENDITURES ASSOCIATED WITH THE  
4 LOBBYING OR POLITICAL ACTIVITIES OF THE ENTITY, BUSINESS OR INDUSTRY  
5 TRADE ASSOCIATION, GROUP, OR RELATED ENTITY ARE LESS THAN 1% OF THE  
6 TOTAL EXPENDITURES OF THE ENTITY, BUSINESS, OR TRADE ASSOCIATION, GROUP,  
7 OR RELATED ENTITY FROM THE PREVIOUS YEAR;

8 (II) THE PRIMARY PURPOSE OF THE ENTITY, BUSINESS OR  
9 INDUSTRY TRADE ASSOCIATION, GROUP, OR RELATED ENTITY IS TO CONDUCT  
10 RESEARCH AND DEVELOPMENT RELATING TO THE GENERATION, TRANSMISSION, OR  
11 DELIVERY AND USE OF ELECTRICITY FOR THE BENEFIT OF THE PUBLIC; AND

12 (III) THE MEMBERSHIP, DUES, SPONSORSHIPS, OR  
13 CONTRIBUTIONS TO THE ENTITY, BUSINESS OR INDUSTRY TRADE ASSOCIATION,  
14 GROUP, OR RELATED ENTITY ARE NECESSARY AND APPROPRIATE FOR THE PUBLIC  
15 SERVICE COMPANY TO MEET ITS PERFORMANCE OBLIGATIONS TO CUSTOMERS;

16 (2) LOBBYING OR POLITICAL ACTIVITIES, INCLUDING SUPPORTING  
17 ACTIVITIES SUCH AS POLICY RESEARCH, ANALYSIS, PREPARATION, AND PLANNING;

18 (3) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION,  
19 ADVERTISING, MARKETING, COMMUNICATIONS, OR OTHER RELATED ACTIVITIES  
20 IDENTIFIED BY THE COMMISSION THAT ARE DIRECTED TOWARD:

21 (I) SELLING SERVICES;

22 (II) PROMOTING THE ADDITION OF NEW CUSTOMERS;

23 (III) SEEKING ADDITIONAL USE OF THE UTILITY SERVICE; OR

24 (IV) INFLUENCING PUBLIC OPINION OR CREATING GOODWILL  
25 TOWARD THE COMPANY;

26 (4) TRAVEL, LODGING, OR FOOD AND BEVERAGE EXPENSES FOR THE  
27 PUBLIC SERVICE COMPANY'S BOARD OF DIRECTORS AND OFFICERS OR THE BOARD  
28 OF DIRECTORS AND OFFICERS OF THE PUBLIC SERVICE COMPANY'S PARENT  
29 COMPANY;

30 (5) ENTERTAINMENT OR GIFTS;

1           **(6) ANY OWNED, LEASED, OR CHARTERED AIRCRAFT FOR THE PUBLIC**  
2 **SERVICE COMPANY’S BOARD OF DIRECTORS AND OFFICERS OR THE BOARD OF**  
3 **DIRECTORS AND OFFICERS OF THE PUBLIC SERVICE COMPANY’S PARENT COMPANY;**  
4 **OR**

5           **(7) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION,**  
6 **INVESTOR RELATIONS.**

7           **(D) A PUBLIC SERVICE COMPANY MAY RECOVER:**

8           **(1) REASONABLE COSTS FOR THE ACTIVITIES SPECIFIED IN**  
9 **SUBSECTION (C)(3) OF THIS SECTION IF THE PUBLIC SERVICE COMPANY**  
10 **DEMONSTRATES DURING A RATE CASE THAT AN EXPENDITURE FOR THESE**  
11 **ACTIVITIES WAS DIRECTLY BENEFICIAL TO THE RATEPAYER AND IN THE PUBLIC**  
12 **INTEREST; AND**

13           **(2) THE REASONABLE COSTS OF INVESTOR RELATIONS NECESSARY**  
14 **AND APPROPRIATE FOR THE PUBLIC SERVICE COMPANY TO MEET ITS**  
15 **PERFORMANCE OBLIGATIONS TO CUSTOMERS.**

16 **6–211.**

17           **(A) IN THIS SECTION, “LOBBYING OR POLITICAL ACTIVITIES” HAS THE**  
18 **MEANING STATED IN § 4–504 OF THIS ARTICLE.**

19           **(B) THIS SECTION APPLIES ONLY TO A PUBLIC SERVICE COMPANY THAT IS**  
20 **AN INVESTOR–OWNED ELECTRIC COMPANY, GAS COMPANY, OR COMBINATION GAS**  
21 **AND ELECTRIC COMPANY.**

22           **(C) A PUBLIC SERVICE COMPANY SHALL LIST IN THE ANNUAL REPORT**  
23 **REQUIRED UNDER § 6–205 OF THIS SUBTITLE ALL ITEMIZED COSTS ASSOCIATED**  
24 **WITH THE ACTIVITIES DESCRIBED IN § 4–504 OF THIS ARTICLE, INCLUDING:**

25           **(1) THE COSTS SPENT BY THE PARENT COMPANY OR AFFILIATES OF**  
26 **THE PUBLIC SERVICE COMPANY THAT ARE DIRECTLY BILLED OR ALLOCATED TO THE**  
27 **PUBLIC SERVICE COMPANY;**

28           **(2) THE TITLE, JOB DESCRIPTION, AND SALARY OF ANY PUBLIC**  
29 **SERVICE COMPANY EMPLOYEE WHO PERFORMED WORK ASSOCIATED WITH THE**  
30 **ACTIVITIES DESCRIBED IN § 4–504 OF THIS ARTICLE, INCLUDING THE HOURS**  
31 **ATTRIBUTED TO THE WORK;**

1           **(3) THE TITLE, JOB DESCRIPTION, AND SALARY OF ANY EMPLOYEE OF**  
2 **THE PARENT COMPANY OR AFFILIATE OF THE PUBLIC SERVICE COMPANY WHO**  
3 **PERFORMED WORK ASSOCIATED WITH THE ACTIVITIES DESCRIBED IN § 4-504 OF**  
4 **THIS ARTICLE, INCLUDING THE HOURS ATTRIBUTED TO THE WORK THAT WERE**  
5 **DIRECTLY BILLED OR ALLOCATED TO THE PUBLIC SERVICE COMPANY;**

6           **(4) THE PAYMENTS THAT THE PUBLIC SERVICE COMPANY MADE TO**  
7 **ALL THIRD-PARTY VENDORS FOR ANY EXPENSES ASSOCIATED WITH THE ACTIVITIES**  
8 **DESCRIBED IN § 4-504 OF THIS ARTICLE, INCLUDING UNREDACTED BILLING**  
9 **AMOUNTS, BILLING DATES, PAYEES, AND AN EXPLANATION OF EACH EXPENDITURE**  
10 **IN DETAIL SUFFICIENT TO DESCRIBE THE PURPOSE OF THE COST;**

11           **(5) ALL COSTS ASSOCIATED WITH ADVERTISING, MARKETING,**  
12 **COMMUNICATIONS, AND OTHER RELATED ACTIVITIES IDENTIFIED BY THE**  
13 **COMMISSION THAT:**

14                   **(I) ARE DIRECTED TOWARD INFORMING CUSTOMERS OF**  
15 **CHARGES AND CONDITIONS OF SERVICE, SAFETY PRECAUTIONS, ENERGY**  
16 **CONSERVATION, TEMPORARY OR EMERGENCY CONDITIONS, EMPLOYMENT**  
17 **OPPORTUNITIES, RATE CASES, ANNUAL REPORTS, OR LEGAL AND FINANCIAL**  
18 **MATTERS; OR**

19                   **(II) SEEK TO GATHER INFORMATION FROM CUSTOMERS;**

20           **(6) ALL LEGISLATION OR POLITICAL CAMPAIGNS, AT THE STATE OR**  
21 **LOCAL LEVEL, ON WHICH THE PUBLIC SERVICE COMPANY ENGAGED IN LOBBYING**  
22 **OR POLITICAL ACTIVITIES; AND**

23           **(7) ANY OTHER INFORMATION THE COMMISSION CONSIDERS**  
24 **RELEVANT.**

25           **(D) (1) EACH ENTRY INCLUDED UNDER SUBSECTION (C)(5) OF THIS**  
26 **SECTION SHALL INCLUDE SUPPORTING DOCUMENTATION THAT IDENTIFIES THE**  
27 **SPECIFIC ADVERTISING MESSAGE OR MESSAGES.**

28                   **(2) EACH ENTRY INCLUDED UNDER SUBSECTION (C) OF THIS**  
29 **SECTION SHALL INCLUDE ALL FEDERAL ENERGY REGULATORY COMMISSION**  
30 **UNIFORM SYSTEM OF ACCOUNTS CODES FOR WHICH:**

31                   **(I) COMPENSATION WAS RECORDED FOR THE EMPLOYEE; OR**

32                   **(II) EXPENSES WERE RECORDED FOR A THIRD-PARTY VENDOR**  
33 **OR RELEVANT ADVERTISING ACTIVITY.**

1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2   October 1, 2025.